INTERAGENCY GROUP ON INSULAR AREAS
PRINCIPAL'S MEETING
ARRA STABILIZATON FUNDING
BRIEFING PAPER
February 23, 2010

ARRA - TITLE XIV—STATE FISCAL STABILIZATION FUND

Statutory Language of SEC. 14001. ALLOCATIONS. (a) OUTLYING AREAS

> "From the amount appropriated to carry out this title, the Secretary of Education shall first allocate up to one-half of 1 percent to the outlying areas on the basis of their respective needs, as determined by the Secretary, in consultation with the Secretary of the Interior, for activities consistent with this title under such terms and conditions as the Secretary may determine."

INSULAR AREA AWARD ALLOCATIONS

In consultation with the Department of the Interior and after holding listening sessions with each of the Governors of the Insular Areas, the State Fiscal Stabilization Fund allocations are as follows:

- The award amount available is for the maximum of one-half of 1 percent of the amount appropriated by Congress for ARRA Title XIV-State Fiscal Stabilization Fund: $268,000,000.
- The distribution to each insular area is based on 2000 census population, the formula for which is 61 percent on ages 5-24 population and 39 percent on total population. The resultant award amounts are:
  - American Samoa $ 44,618,528
  - Guam 107,983,137
  - CNMI 44,433,595
  - U.S. Virgin Islands 70, 964,740
- The awards are being made in two phases. Phase I for 67 percent and Phase II for 33 percent of the total amount available.
- Purpose of Stabilization Fund
  - Save or create jobs;
  - Stimulate the economy of the IAs; and
  - Reform education
- Phase I requires the completion of an approvable SFSF Application containing specific project descriptions, including budgets and timelines. The Application requirements are higher than for the States as the Insular Areas with the exception of CNMI have been designated high risk. The Recovery Act requires risk mitigation and a high level of transparency and accountability.

PHASE I APPLICATION REQUIREMENTS

- Governors must assure at least the same level of budget support (maintenance of effort) for education in FYs 2009, 2010, and 2011 as provided in FY2006.

- ED may waive MOE under certain conditions so long as the proportional reduction of IA revenues for education does not fall below the proportional reduction for the total IA revenues from the previous year.
- The total Stabilization Award consists of two parts: 81.8% for Education Stabilization Fund (Public Elementary and Secondary Institutions and Public Higher Education Institutions) and 18.2% Government Services Fund. The Governor may propose a different allocation as long as the reason is one that is approved by the Secretary of Education.
- Three required uses of the Stabilization Funds
    - Modernize, renovate, or repair public educational facilities;
    - Enhance the qualifications and effectiveness of teachers in public elementary and secondary schools; and
    - Establish or complete the implementation of a credible financial management Other system consistent with 34 C.F.R.80.20 (a) and (b).
- Projects if authorized under ESEA, IDEA, Adult ED, or Perkins
- Additional Assurances by Governors
    - Establish a longitudinal data system consistent with America COMPETES Ace (20 U.S.C. 9871);
    - Improve the quality of and implement improved academic standards and assessments; and
    - Strengthen the technology infrastructure of public educational institutions and governmental agencies.
- Prohibited Uses
    - Maintenance costs (IT support okay)
    - Stadiums or facilities used for athletic contest or events for which admission is charged
    - Purchasing vehicles (leasing okay)
    - Facilities used only for central office administration, operations, or logistical support (at least part of facility must be for providing education)

AN UPDATED STATUS OF PHASE I AWARDS WILL BE PROVIDED AT THE IGIA MEETING

PHASE II APPLICATION

- Currently under review including approval by OMB
- Expect the following:
    - A description of how the IA is implementing the recordkeeping and reporting requirements of ARRA
    - Strategies for addressing assurances not covered by approved Phase I projects